



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

Public Workshop

Draft Amendments to Regulation 3, Fees

Bay Area Air Quality Management District
February 20, 2018



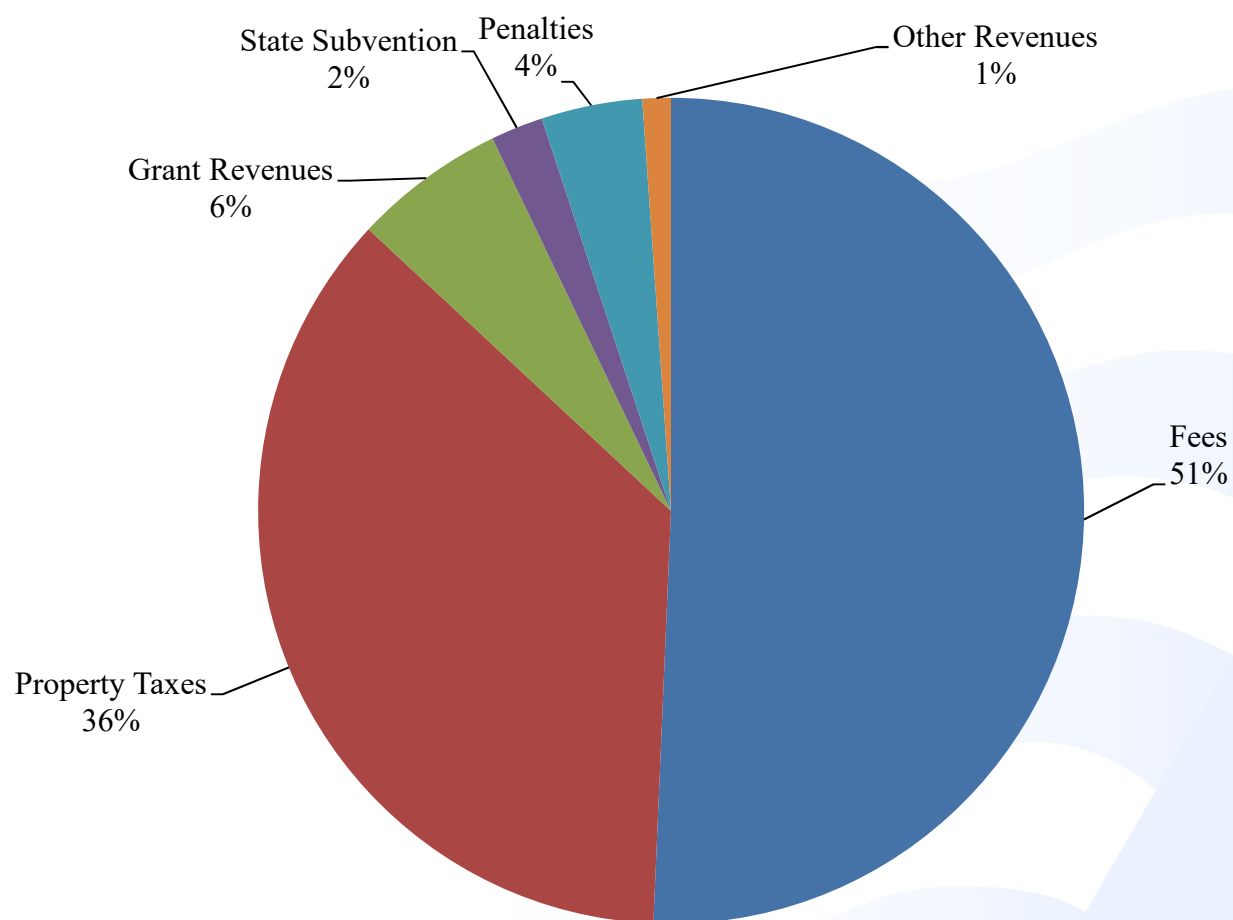
Workshop Agenda

1. Welcome / Introductions
2. Cost Recovery Background
3. Draft Fee Amendments
4. Fee Schedule Y (Community Stationary Source Fees)
5. Rule Development Schedule
6. Comments





Revenue Sources - FYE 2017



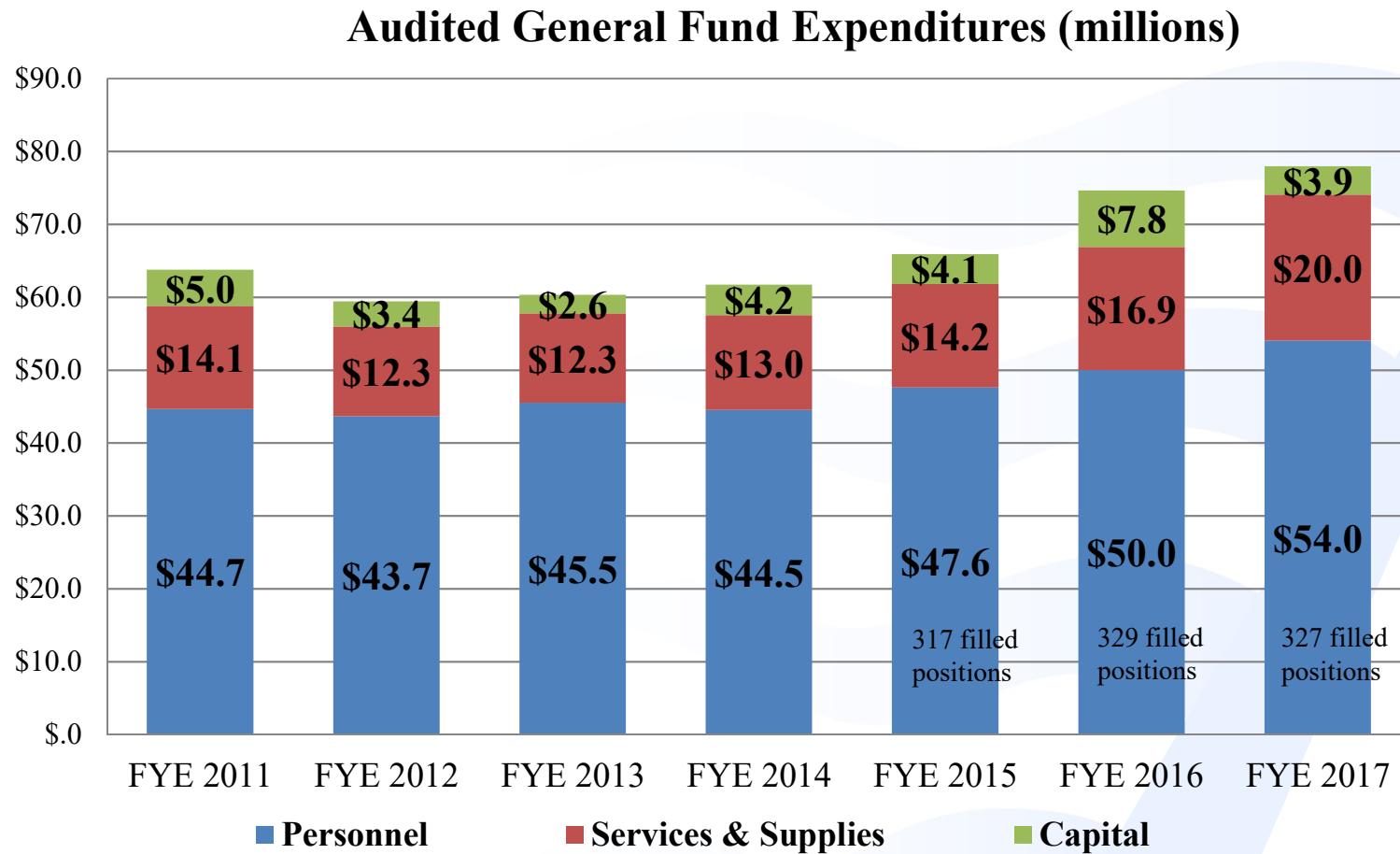


Cost Recovery Background

- District has authority to assess fees to recover the reasonable costs of regulating stationary sources
- General policy to fully recover costs of regulatory program activities
- Set goal of increasing cost recovery to 85% over four years FYE 2013 through FYE 2016
- Fee amendments will be made in consideration of cost recovery analyses conducted at the fee schedule-level
- District will implement feasible cost containment measures



Trends in Cost Cutting





Trends in Cost Recovery

➤ Fee revenue falls short of overall full cost recovery

- FYE 2011: Cost recovery = 65%
- FYE 2012: Cost recovery = 75%
- FYE 2013: Cost recovery = 80%
- FYE 2014: Cost recovery = 80%
- FYE 2015: Cost recovery = 83%
- FYE 2016: Cost recovery = 82%
- FYE 2017: Cost recovery = 83%





Proposed Changes to Fee Schedules

Revenue from Fee Schedule	Change in Fees	Fee Schedules
95 – 110% of costs	3.1% increase** (CPI-W*)	B, G3, M, S, V
85 – 94% of costs	7% increase	F, P
75 – 84% of costs	8% increase	D, T
50 - 74% of costs	9% increase	E, G1, H
Less than 50% of costs	15% increase**	A, G2, G4, I, K, R

* The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increase from 2016 to 2017.

** 2018 Matrix Consulting Group Draft Cost Recovery & Containment Study recommendations.





Proposed Changes to Fee Schedules

➤ Fee Schedules with 3.1% increase

- Schedule B: Combustion of Fuels
- Schedule G-3: Misc. Sources (metal melting, cracking units)
- Schedule M: Major Stationary Source Fees
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule V: Open Burning

➤ Fee Schedules with 7% increase

- Schedule F: Misc. Sources (storage silos, abrasive blasting)
- Schedule P: Major Facility Review Fees

➤ Fee Schedules with 8% increase

- Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities,
Bulk Plants & Terminals
- Schedule T: Greenhouse Gas Fees





Proposed Changes to Fee Schedules

➤ Fee Schedules with 9% increase

- Schedule E: Solvent Evaporating Sources
- Schedule G-1: Misc. Sources (glass manufacturing, soil remediation)
- Schedule H: Semiconductor and Related Operations

➤ Fee Schedules with 15% increase

- Schedule A: Hearing Board Fees
- Schedule G-2: Misc. Sources (asphaltic concrete, furnaces)
- Schedule G-4: Misc. Sources (cement kilns, sulfur removal & coking units, acid manufacturing)
- Schedule I: Dry Cleaners
- Schedule K: Solid Waste Disposal Sites
- Schedule R: Equipment Registration Fees





Other Proposed Amendments

Schedule E: Solvent Evaporating Sources

- Revisions to directly calculate the fee based on the net amount of organic solvent processed.

Schedule G-1: Miscellaneous Sources

- Clarify that sub-slab depressurization equipment is subject to Schedule F permit fees, not Schedule G-1 fees.

Schedule N: Toxic Inventory Fees

- Update the “slope factor” to recover current costs and higher ARB AB2588 annual fees for FYE 2018.
- Delete the slope factor formula in Schedule N.

Schedule P: Major Facility Review Fees

- Clarify that Initial Fees do not apply to Title V Renewal applications.





Other Proposed Amendments (cont'd)

- Specific fees in Regulation 3 proposed to be increased 3.1% based on the CPI-W (filing fees, banking fees, public notice fees, exemption fee, permit renewal processing fees, etc.)
- Revise Section 3-302 to specify the fee rates applies are those in force when the applicant has provided all the information required for a complete permit application.
- Revise Section 3-405 to reduce fees charged to facilities which are more than 30 days late on paying their permit renewal invoices from 50% to 25%.



Other Proposed Amendments (cont'd)

- Revise Section 3-342 to add new Regulation 11, Rule 18 HRA review fees to recover the costs for reviewing the costs of reviewing HRAs completed by District-approved consultants.
- Initial proposal was to add a new Section 3-343 to recover the costs of a new Regulation 11, Rule 18 Technical Dispute Resolution Committee. Since this was meant to be an informal process, we have determined to not propose this fee at this time.
- Add Section 3-418 to authorize the Air Pollution Control Officer to reduce the fees for transactions using the Air District's online production system to encourage its use.





Proposed New Schedule Y (Community Stationary Source Fees)

- To recover the costs associated with scoping, planning, and implementing Assembly Bill 617 (AB 617) that provides a new community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in communities most impacted by air pollution.
- AB 617 is a first-of-its-kind statewide effort established by AB 617 and includes community air monitoring and local emissions reductions programs.
- This new authority enhances and strengthens existing clean air programs and improves our ability to achieve equity in the delivery of clear air benefits to all Californians.





Proposed New Schedule Y (Community Stationary Source Fees)

- The Air District is currently working to develop a fee to recover the costs of stationary source AB 617 regulatory efforts.
- The fee would be based on the proportional impacts of stationary source facilities on AB 617 communities.
- The Air District is receiving input requesting that this fee be included in this year's budget and is considering whether or not to make an addendum to our currently proposed fee regulation.
- If we do decide to move forward with this fee, we would present it as part of the report to the Budget and Finance Committee on March 28, 2018.





Impact on Small Businesses

➤ Proposed FYE 2019 fee increases:

Facility Type	Fee Increase	Total Fee
Gas Station	\$209	\$2,817
Dry Cleaner (permitted)	\$67	\$448
Dry Cleaner (registered)	\$34	\$259
Auto Body Shop	\$44	\$485
Back-up Generator	\$8*	\$271

* Represents a 3.1% increase in the Permit Renewal Processing Fee.





Rule Development Schedule

- **February 20, 2018**
 - Public workshop
- **March 21, 2018**
 - Written comments due
- **March 28, 2018**
 - Budget & Finance Committee briefing
- **April 18, 2018**
 - Board of Directors first public hearing to receive testimony only
- **June 6, 2018**
 - Board of Directors second public hearing to consider adoption
- **July 1, 2018**
 - Proposed effective date of fee amendments





Comments

➤ Please provide comments by **Wednesday, March 21, 2018** to:

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Slide 17*